Government of Saskatchewan

Financial Statement 2003-2004

North West Regional College

For the fiscal year ending June 30, 2004

Saskatchewan Centennial 2005

105-00543/

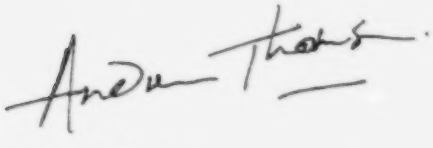
Letter of Transmittal

The Honourable Dr. Lynda M Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour,

I have the honour to submit for your consideration the Financial Statements of the North West Regional College for the year ending June 30, 2004.

Respectfully submitted,



Andrew Thomson
Minister of Learning

NORTH WEST REGIONAL COLLEGE

AUDITORS' REPORT AND FINANCIAL STATEMENTS

June 30, 2004

NORTH WEST REGIONAL COLLEGE

Statement of Management Responsibility

The College is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles and in accordance with the guidelines developed by Saskatchewan Learning. The College believes the financial statements present fairly the College's financial position as at June 30, 2004 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the College has developed and maintains a system of internal control designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements principally through the Finance Committee. The Finance Committee meets with management and with the external auditors to discuss the results of the audit examinations and financial reporting matters. The external auditors have full access to the Finance Committee with and without the presence of management.

The financial statements for the year ended June 30, 2004 have been reported on by Johnson Svenkeson, Chartered Accountants. The Auditors' Report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.

President

Director of Administration

JOHNSON SVENKESON
Chartered Accountants

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AUDITORS' REPORT

To the Board of Governors
North West Regional College

We have audited the statement of financial position of North West Regional College as at June 30, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2004 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

North Battleford, Saskatchewan
September 10, 2004.

Johnson Svenkeson
Chartered Accountants.

* Denotes a Professional Corporation.

NORTH WEST REGIONAL COLLEGE

Statement of Financial Position

as at June 30, 2004

	2004				2003
	Operating Fund	Capital Fund	Scholarship Fund	Total	Total
Assets					
Current assets					
Cash	$ 497,808	$ 292,303	$ 26,788	$ 816,899	$ 1,674,603
Accounts receivable (Note 3)	459,779			459,779	586,219
Inventory	22,434			22,434	26,877
Prepaid expenses	14,811			14,811	8,534
	994,832	292,303	26,788	1,313,923	2,296,233
Non-current assets					
Property and equipment (Note 4)		5,152,498		5,152,498	2,470,917
	$ 994,832	$ 5,444,801	$ 26,788	$ 6,466,421	$ 4,767,150
Liabilities and net assets					
Current liabilities					
Accounts payable & accrued liabilities (Note 5)	$ 590,670	$ -	$ -	$ 590,670	$ 366,751
Accrued salaries and benefits	138,798			138,798	149,029
Unearned revenue	45,529			45,529	24,400
Current portion of long term debt (Note 6)		63,950		63,950	
	774,997	63,950		838,947	540,180
Long term debt (Note 6)		1,359,615		1,359,615	
Net assets					
Invested in capital assets		3,728,933		3,728,933	2,470,917
Internally restricted (Schedule 4)	40,974	292,303	26,788	360,065	1,636,301
Unrestricted	178,861			178,861	119,752
	219,835	4,021,236	26,788	4,267,859	4,226,970
	$ 994,832	$ 5,444,801	$ 26,788	$ 6,466,421	$ 4,767,150

See accompanying notes to financial statements.

Approved by the Board of Governors:

Chairperson

Vice-Chairperson

NORTH WEST REGIONAL COLLEGE
Statement of Operations
for the year ended June 30, 2004

	Operating			Capital		Scholarship		Total	
	Budget (Note 9)	2004	2003	2004	2003	2004	2003	2004	2003
Revenue (Schedule 1)									
Provincial Government	$ 4,720,834	$ 4,607,590	$ 4,712,020	$ 477,000	$ 1,735,699	$ 3,500	$ 3,125	$ 5,088,090	$ 6,450,844
Federal Government		7,614						7,614	
Other revenue	1,752,849	1,716,220	1,704,747	19,287	7,969	15,998	2,612	1,751,505	1,715,328
Total revenue	6,473,683	6,331,424	6,416,767	496,287	1,743,668	19,498	5,737	6,847,209	8,166,172
Expenses (Schedule 2)									
Agency Contracts	1,162,619	1,160,948	1,220,303					1,160,948	1,220,303
Amortization				376,065	160,817			376,065	160,817
Equipment	9,472	76,133	12,499					76,133	12,499
Facilities	663,554	633,702	566,334					633,702	566,334
Information Technology	49,965	44,281	63,566					44,281	63,566
Operating (Schedule 3)	881,178	897,410	877,577	51,565				948,975	877,577
Personal Services	3,687,321	3,550,691	3,320,672					3,550,691	3,320,672
Scholarship						15,525	7,138	15,525	7,138
Total expenses	6,454,109	6,363,165	6,060,951	427,630	160,817	15,525	7,138	6,806,320	6,228,906
Excess (deficiency) of revenue over expenses	$ 19,574	$ (31,741)	$ 355,816	$ 68,657	$ 1,582,851	$ 3,973	$ (1,401)	$ 40,889	$ 1,937,266

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE

Statement of Changes in Net Assets

for the year ended June 30, 2004

	2004						2003
	Operating Fund		Capital Fund				
	Internally Restricted	Unrestricted	Invested in Capital Assets	Internally Restricted	Scholarship Fund	Total	Total
Net assets, beginning of year	$ 208,494	$ 119,752	$ 2,470,917	$ 1,407,387	$ 20,420	$ 4,226,970	$ 2,289,704
Excess(deficiency) of revenue over expenses		(31,741)	68,657		3,973	40,889	1,937,266
Inter fund transfers							
Invested in capital assets			3,057,646				
Internally restricted	(167,520)	90,850	(1,868,287)	(1,115,084)	2,395		
Net assets, end of year	$ 40,974	$ 178,861	$ 3,728,933	$ 292,303	$ 26,788	$ 4,267,859	$ 4,226,970

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE

Statement of Cash Flows

for the year ended June 30, 2004

	2004	2003
Operating activities		
Excess of revenue over expenses	$ 40,889	$ 1,937,266
Add item not involving current cash flow:		
Amortization	376,065	160,817
	416,954	2,098,083
Net change in non-cash working capital balances related to operations		
Decrease in accounts receivable	126,440	81,321
Decrease in inventories	4,443	3,956
Increase in prepaid expenses	(6,277)	(2,890)
Increase (decrease) in accounts payable & accrued liabilities	223,919	(495,100)
(Decrease) increase in accrued salaries & benefits	(10,231)	5,956
Increase in unearned revenue	21,129	10,008
Cash provided from operating activities	776,377	1,701,334
Investment activities		
Purchase of property and equipment	(3,057,646)	(990,721)
Cash used in investment activities	(3,057,646)	(990,721)
Financing activities		
Long term debt incurred	1,464,000	
Long term debt repaid	(40,435)	
Cash provided from financing activities	1,423,565	
Net (decrease) increase in cash during the year	(857,704)	710,613
Cash at beginning of year	1,674,603	963,990
Cash at end of year	$ 816,899	$ 1,674,603

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2004

1. Purpose and authority

The North West Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. North West Regional College was established in 1975 as Mistikwa Community College. On January 1, 1988 *The Regional Colleges Act* was proclaimed, and the College was renamed North West Regional College to reflect its new mandate and extended boundaries. The mission of North West Regional College is to provide adult learning opportunities and to promote life-long learning as a means of enhancing the cultural, economic and social life of the individuals and communities it serves.

The Board of the North West Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies contained in the Regional Colleges' Accounting and Reporting Manual:

a) Fund accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives.

i) Operating fund

This fund contains current revenue, expenditures, and liabilities pertaining to the general activities of the College.

ii) Capital fund

The capital fund reflects the net book value of all capital assets of the College after taking into consideration any associated long-term debt. The capital fund also includes contributions, interest and donations designed for capital purposes by the contributor. Also included in the capital fund are the appropriations for future capital expenditures.

iii) Scholarship fund

The scholarship fund accounts for all designated donations, grants and specifically allocated operating revenues for the purpose of awarding scholarships to students of the College.

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2004

2. **Significant accounting policies** (Continued)

b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Contributions restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course of instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

c) Property and equipment

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair market value at the date of contribution. Property and equipment costing under the asset threshold are expensed in the current year. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings	2.5% to 4%
Furniture and equipment	10% to 33%

d) Cash

Cash on hand is represented by cash on hand and balance with banks.

e) Inventories

Inventories are valued at lower of cost or net realizable value.

f) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

3. **Accounts receivable**

Accounts receivable are comprised of the following:

	2004	2003
Government of Canada	$ 30,382	$ 46,394
Department of Learning	177,740	436,291
SIAST	1,487	18,481
Other	250,170	85,053
	$ 459,779	$ 586,219

4. Property and equipment

Property and equipment consists of:

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 5,594,682	$ 599,192	$ 4,995,490	$ 2,359,918
Furniture and equipment	1,217,162	1,063,604	153,558	104,097
Land improvements	17,258	13,808	3,450	6,902
	$ 6,829,102	$ 1,676,604	$ 5,152,498	$ 2,470,917

In 1998, North West Regional College and North Battleford School Division No. 118 entered into a Capital Cost Sharing Agreement whereas the College received a 15.5% share of ownership of the joint use facility. Title to the lands and building are held in name of the School Division, with the College's proportionate share held in trust.

An independent asset appraisal undertaken by Battlefords School Division and conducted in April, 2000 determined the depreciated value, based on the College's 15.5% share of the facility, is $4,209,452.

5. Accounts payable and accrued liabilities

	2004	2003
Trade	$ 516,052	$ 290,890
Wages	74,618	75,861
	$ 590,670	$ 366,751

6. Long term debt

		2004	
	Total	Current Portion	Long term Portion
Royal Bank loan	$ 1,423,565	$ 63,950	$ 1,359,615

The loan is secured by a resolution to borrow with copy of authorization/ letter from Minister of Learning. Monthly payments of $11,500 including principal and interest at 5.310%. The loan is due November 1, 2019. The total principal repayment due on long term debt in each of the next five years is as follows:

2005	$ 63,950
2006	67,430
2007	71,099
2008	74,967
2009	79,047

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2004

7. Related party transactions

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

In addition, the College pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Expenses for related party transactions during the year were as follows:

	2004	2003
Prairie West Regional College	$ 19,110	$ 24,726
Lakeland Regional College	25,918	12,915
SaskPower	7,374	
SaskTel	89,780	65,368
Saskatchewan Property Management	417,538	322,955
Saskatchewan Workers Compensation Board	18,130	15,220

The College provided courses in conjunction with the Saskatchewan Institute of Applied Science and Technology (SIAST). During the year the College expended $524,758 (2003, $694,797) for courses provided by SIAST. As at year end, there was a payable to SIAST for $35,731 (2003, NIL).

During the year, the College provided courses in conjunction with the Universities of Saskatchewan and Regina. Transactions during the year were as follows:

	2004	2003
University of Saskatchewan		
Revenue	$ 139,860	$ 142,303
Expenses	163,825	122,339
University of Regina		
Revenue	$ 30,706	$ 6,061
Expenses	53,491	2,776

During the year the College entered into a contract with the Saskatchewan Communications Network (SCN) to deliver various training and educational programs. The College received $89,491 during the year from SCN for these programs (2003, $88,491).

8. Pension plan

Employees of the College participate in one of the three pension plans. Teacher's and other employees holding a teaching certificate participate in a defined benefit plan; either the Teacher's Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The College has no financial obligation to TSP or STRP. Eligible employees contribute to TSP or STRP for their current service. The General Revenue Fund is responsible for the required employer contribution of the STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $118,007 (2003, $112,913).

9. Budget

The budgeted figures reported in the Statement of Operations are obtained from the annual budget review document submitted to and approved by the Department of Learning. The budget was approved by the Minister of Learning on June 24, 2003 and the Regional College Board on August 25, 2003.

10. Financial instruments

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows.

The majority of the College's receivables are from Saskatchewan Learning, therefore the credit risk is minimal.

The carrying amount of accounts receivable, accounts payable, accrued liabilities and accrued salaries and benefits approximate fair market value due to their immediate or short-term nature.

Johnson Svenkeson

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Revenue by Function
for the year ended June 30, 2004

Schedule 1

	2004									2004 Budget	2003
	--General--	--Skills Training--		--Basic Education--		--University--	--Services--		2004 Total	Total	Total
		Credit	Non Credit	Credit	Non Credit	Credit	Learner Support	Counsel			
Provincial Government											
Operating grant	$ 2,251,989	$ 10,941		$ 58,872					$ 2,321,802	$ 2,302,802	$ 2,205,700
Program payments	270,001	887,014		683,976	$ 26,000			$ 193,863	2,060,854	2,297,551	2,362,654
Other	64,702	15,444	$ 76,850	10,101		$ 58,912		(1,075)	224,934	120,481	143,666
	2,586,692	913,399	76,850	752,949	26,000	58,912		192,788	4,607,590	4,720,834	4,712,020
Federal Government					7,614				7,614		
Other											
Contracts	48,824	25,700	218,508	175,341	10,330				478,703	480,090	541,505
Interest	37,736								37,736	24,000	48,201
Rents	5,542								5,542	600	3,927
Resale items	247	617	3,012	777	1,134		$ 152,597		158,384	144,000	210,398
Tuitions		521,833	173,461	10,250	3,830	170,566		90	880,030	1,020,035	815,180
Other	120,507	20,779	4,235	2,117	600	4,938	2,649		155,825	84,124	85,536
	212,856	568,929	399,216	188,485	15,894	175,504	155,246	90	1,716,220	1,752,849	1,704,747
Total revenue	2,799,548	1,482,328	476,066	941,434	49,508	234,416	155,246	192,878	6,331,424	6,473,683	6,416,767
Total operating expenses (Schedule 2)	2,402,438	1,626,846	437,051	915,649	63,253	327,290	158,551	432,087	6,363,165	6,454,109	6,060,951
Excess (deficiency) of revenue over expenses	$ 397,110	$ (144,518)	$ 39,015	$ 25,785	$ (13,745)	$ (92,874)	$ (3,305)	$ (239,209)	$ (31,741)	$ 19,574	$ 355,816

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Expenses by Function
for the year ended June 30, 2004

Schedule 2

	2004									2004 Budget	--- 2003 ---
	-----General-----	---------Skills Training---------		-----Basic Education----		--University--	----------Services---------				
		Credit	Non Credit	Credit	Non Credit	Credit	Learner Support	Counsel	Total	Total	Total
Agency	$ 3,044	$ 662,482	$ 292,738	$ 4,160	$ 400	$ 165,749		$ 32,375	$ 1,160,948	$ 1,162,619	$ 1,220,303
Equipment	58,244	3,255	122	8,184		342	$ 212	5,774	76,133	9,472	12,499
Facility	291,375	157,374	19,924	98,214	270	40,048		26,497	633,702	663,554	566,334
Information technology	44,281								44,281	49,965	63,566
Operating (Schedule 3)	354,990	158,797	28,780	99,782	1,567	58,451	158,339	36,704	897,410	881,178	877,577
Personal services	1,650,504	644,938	95,487	705,309	61,016	62,700		330,737	3,550,691	3,687,321	3,320,672
	$ 2,402,438	$ 1,626,846	$ 437,051	$ 915,649	$ 63,253	$ 327,290	$ 158,551	$ 432,087	$ 6,363,165	$ 6,454,109	$ 6,060,951
Total by function	$ 2,402,438		$ 2,063,897		$ 978,902	$ 327,290		$ 590,638			

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Operating Expenses
for the year ended June 30, 2004

Schedule 3

	2004 Total	2004 Budget Total	2003 Total
Advertising	$ 102,579	$ 93,687	$ 103,045
Association fees and dues	11,026	8,029	10,893
Bad debts	15		799
Financial services	3,210	3,930	4,766
Computer software	2,549	9,974	3,355
Goods and services tax	113,707	30,735	53,120
In-service training	73,471	77,724	55,115
Insurance	14,834	11,500	13,612
Licenses and taxes	1,047		659
Materials and supplies	170,560	204,417	161,544
Postage, freight and courier	19,739	18,101	20,415
Printing and duplicating	8,375	26,918	5,661
Professional services	12,269	14,500	16,246
Resale items	150,362	119,196	196,055
Subscriptions	1,729	300	1,411
Telephone	43,017	48,565	38,968
Travel	131,182	167,008	104,929
Other	37,739	46,594	86,984
	$ 897,410	$ 881,178	$ 877,577

See accompanying notes to financial statements.

NORTH WEST REGIONAL COLLEGE
Schedule of Internally Restricted Net Assets
June 30, 2004

Schedule 4

Internally Restricted	Balance Beginning of Year	Appropriation to Net Assets	Draw from Net Assets	Balance End of Year
OPERATING FUND - Appropriated				
Administrative computer system	$ 20,974	$ 20,000		$ 40,974
TEL	12,520		$ (12,520)	
Programs	175,000		(175,000)	
Total operating fund	$ 208,494	$ 20,000	$ (187,520)	$ 40,974
CAPITAL FUND - Appropriated				
TEL	$ 20,660		$ (16,518)	$ 4,142
Meadow Lake facility	1,169,256		(1,140,881)	28,375
Meadow Lake equipment	53,000		(53,000)	
Upgrade computer equipment	92,881	$ 55,000	(111,953)	35,928
F/E Replacement - general	42,216	22,936	(33,158)	31,994
Battlefords campus project	29,374	74,574		103,948
Facilities		87,916		87,916
Total capital fund	$ 1,407,387	$ 240,426	$ (1,355,510)	$ 292,303
SCHOLARSHIP FUND				
Scholarships	$ 20,420	$ 6,368		$ 26,788
TOTAL	$ 1,636,301	$ 266,794	$ (1,543,030)	$ 360,065

See accompanying notes to financial statements.

North West Regional College

LIST OF PAYMENTS TO SUPPLIERS
GREATER THAN $20,000 FOR 2003-2004

(unaudited)

	2003-2004
AC Forestry	72,500
Architecture Interior Design	100,994
Armor Consulting	33,514
Association of Canadian Community Colleges	25,029
Association of Saskatchewan Regional Colleges	21,000
ATAP Infrastructure	25,894
Battlefords Publishing	28,064
Battlefords School Division #103	186,982
Battlefords Tribal Council	25,400
Bee-J's Stationers	87,906
Blackjack Holdings	24,614
Blue Cross	132,425
Bralin International Computer Service	95,395
CLC Logging	40,500
Dumont Technical Institute	60,000
Dunmac Contractors	2,830,377
Lakeland College	25,918
Municipal Employees Superannuation	236,014
N B Enterprises	45,000
NAIT	95,100
Praxair Canada Inc	24,397
Receiver General	991,693
Saskatchewan Government Employees Union	75,574
Saskatchewan Property Management Corp	359,260
SaskTel	89,780
SIAST - Kelsey Campus	53,915
SIAST - Wascana	29,887
SIAST-Woodlands Campus	435,289
Teacher's Superannuation Fund	38,155
Ultra Print Services	42,779
University of Regina	23,203
University of Saskatchewan Bookstore	25,493

North West Regional College

LIST OF PAYMENTS TO BOARD OF GOVERNORS
AND OUT-OF-SCOPE MANAGEMENT FOR 2003-2004
Personal Services

(unaudited)

	Total (Including travel reimbursements)
Beaver, Pam	$ 51,578
Clipperton, Robert	$ 1,282
Hamilton, Ian	$ 78,149
Hritzuk, John	$ 4,027
Krahenbil, Sherman	$ 13,059
Martin, Ruth	$ 4,252
McArthur, Ann	$ 4,144
Nylander, Bryan	$ 105,693
Rewerts-Favel, Sandra	$ 3,265
Roberts, Melanie	$ 73,316
Smith, Annette	$ 3,606
Steiert, Patt	$ 88,651